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# Calendar No. 1866

77TH CONGRESS }  
2d Session }

SENATE

} REPORT  
} No. 1814

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Reserve

AMENDING SECTION 301 (a) (1) OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED, SO AS TO INCLUDE FARM WAGES IN DETERMINING THE PARITY PRICE OF AGRICULTURAL COMMODITIES

DECEMBER 5, 1942.—Ordered to be printed

Mr. THOMAS of Oklahoma, from the Committee on Agriculture and Forestry, submitted the following

## REPORT

[To accompany H. R. 7788]

The Committee on Agriculture and Forestry, to whom was referred the bill (H. R. 7788) to amend section 301 (a) (1) of the Agricultural Adjustment Act of 1938, as amended, so as to include farm wages in determining the parity price of agricultural commodities, after having considered the same, report thereon favorably with the recommendation that the bill do pass.

A full explanation of the bill is incorporated in House Report No. 2690 which is attached hereto and made a part of this report.

[H. Rept. No. 2690, 77th Cong., 2d sess.]

The Committee on Agriculture, to whom was referred the bill (H. R. 7788) to amend section 301 (a) (1) of the Agricultural Adjustment Act of 1938, as amended, so as to include farm wages in determining the parity price of agricultural commodities, having considered the same, report thereon with a recommendation that it do pass.

## STATEMENT

Under the present law it is required that in calculating parity prices, the present interest rate on farm indebtedness secured by real estate, tax payments per acre on farm real estate, and freight rates, shall be contrasted with such interest payments, tax payments, and freight rates during the base period. It will be observed that no consideration is given to the present rate of farm wages as compared with those which existed during the base period, and the purpose of this bill is to require that farm wages be considered, such wages to be on the basis of the national average and to include the wages of hired workers, operators, and owners.

Your committee have studied farm conditions over the Nation and the attitude of the farmers. It has yet to find one single producer who is not concerned with finding out why it is that in setting up parity prices and ceiling prices no consideration is given to the biggest item entering into his cost of production,

that is, the labor cost. The farmers are unhappy over the recent action on this subject. They ask no more than equality treatment. They know that every manufacturer is permitted to include his labor cost in figuring his cost of production and they are unable to understand why labor cost is not figured in establishing the prices they are to receive.

Farm wage rates are going up daily. The Government is making contracts which contain provisions for minimum wages on the farm higher than have heretofore been paid in the community. The President, this week, issued a statement removing all limitations on farm wage rates. Your committee anticipate a gradual and constant increase in farm wage rates, and we say emphatically that not only is the farmer entitled to have this increase included in the calculation of his prices, but that if it is not included the production requested by the Secretary of Agriculture will not be realized.

The committee feel sure that the following table will be of interest to every farmer and every Member of Congress. It was prepared at the committee's request by the Agricultural Adjustment Administration and shows (1) farm prices today as compared with prices received in 1918, when the cost of production was much less, (2) the freight rates on selected farm products in 1918 and today, and (3) the hourly wages of industrial workers now as compared with those received in 1918.

*Prices of farm products, freight rates, and industrial wages, 1942, compared with 1918*

FARM PRODUCTS

Farm product and industrial group	Unit	1918	1942	
			Farm price and industrial wage rate	Percent of 1918
		Dollars	Dollars	Percent
Beef cattle.....	Per 100 pounds....	9.81	11.39	116.1
Hogs.....	Per 100 pounds....	15.99	13.44	84.1
Sheep.....	Per 100 pounds....	10.96	5.55	50.6
Lambs.....	Per 100 pounds....	13.99	12.05	86.1
Cotton.....	Per pound.....	.295	.1022	65.2
Cottonseed.....	Per ton.....	67.88	45.01	66.3
Wool.....	Per pound.....	.60	.397	66.2
Corn.....	Per bushel.....	1.509	.759	50.3
Wheat.....	Per bushel.....	2.042	1.044	51.1
Oats.....	Per bushel.....	.766	.443	57.8
Potatoes, Irish.....	Per bushel.....	1.157	1.084	93.7
Butter.....	Per pound.....	.436	.409	93.8
Milk, wholesale.....	Per 100 pounds....	2.48	2.89	116.5
Eggs.....	Per dozen.....	.40	.389	97.3
Chickens, live weight.....	Per pound.....	.215	.196	91.2
Peanuts.....	Per pound.....	.075	.059	78.7
Rice, rough.....	Per bushel.....	1.967	1.469	74.7
Tobacco.....	Per pound.....	.253	.398	157.3

FREIGHT RATES ON MAJOR FARM PRODUCTS 1941-42 COMPARED WITH 1918

[United States average July 1913-June 1914=100]

		Percent	Percent	
Cattle.....	Index number....	116	171-P	147.4
Hogs.....	Index number....	118	163-P	138.1
Sheep.....	Index number....	114	149-P	130.7
Wheat.....	Index number....	114	145-P	127.2
Potatoes.....	Index number....	115	140-P	122.2
Truck crops other than potatoes.....	Index number....	115	147-P	127.5

P= Preliminary.

*Prices of farm products, freight rates, and industrial wages, 1942, compared with 1918—Continued*

HOURLY WAGES OF WORKERS IN SELECTED INDUSTRIAL GROUPS, SEPTEMBER 1942 COMPARED WITH 1918

Farm product and industrial group	Unit	1918	1942	
			Farm price and industrial wage rate	Percent of 1918
		<i>Dollars</i>	<i>Dollars</i>	
Slaughtering and meat packing.....	Per hour.....	.369	.813	220.3
Cotton manufacturing.....	Per hour.....	.267	.552	206.7
Saw mills.....	Per hour.....	.337	.682	202.4
Woolen manufacturing.....	Per hour.....	.342	.779	227.8
Clothing.....	Per hour.....	.408	.674	165.2
Class I railway employees.....	Per hour.....	.431	.810	187.9
Iron and steel.....	Per hour.....	.577	.997	172.8
Boot and shoe industry.....	Per hour.....	.336	.677	201.5

NOTE.—Figures for 1942 are the latest available, farm prices being as of Nov. 15 and wage rates as of September. Figures for 1918 are from Real Wages in the United States, 1890-1926, by Paul Douglas, with the exception of that for railway workers, which was estimated from the Bureau of Labor Statistics revised series. Industrial wages for 1942 are Bureau of Labor Statistics data. The 1942 hourly wages figure for railway employees is as of August.

Freight rates are expressed as index numbers, with the base period of July 1913-June 1914 being 100. No figures are available for 1942 in this series, but on Mar. 18, 1942, a rate increase of 3 percent became effective on agricultural products.

The committee feel that the Congress will also be deeply interested in the following table, which was recently issued by the Bureau of Agricultural Economics, and which shows that the industrial worker and nonfarm family are today buying their food at less cost, compared with income, than at any time in the past 30 years.

It demonstrates that when Mr. Leon Henderson and representatives of the organized labor groups state that the farmers are responsible for inflation, that they are merely making unfounded and irresponsible statements, not borne out by the facts.

TABLE 1.—Nonfarm family income and cost of family food purchases, 1913-42

Year	Family income	Retail cost of all foods	Retail cost of 58 foods	Food cost as percentage of income	
				All foods	58 foods
	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Percent</i>	<i>Percent</i>
1913.....	1,046	326	252	31	24
1914.....	1,013	331	258	33	25
1915.....	1,029	330	258	32	25
1916.....	1,176	370	285	31	24
1917.....	1,329	477	370	36	28
1918.....	1,513	548	424	33	28
1919.....	1,624	611	470	38	29
1920.....	1,857	688	514	37	28
1921.....	1,599	523	404	33	25
1922.....	1,629	489	374	30	23
1923.....	1,810	506	384	28	21
1924.....	1,829	501	381	27	21
1925.....	1,905	542	410	28	22
1926.....	1,944	560	418	29	22
1927.....	1,927	539	406	28	21
1928.....	1,942	533	407	27	21
1929.....	1,979	540	415	27	21
1930.....	1,762	514	391	29	22
1931.....	1,505	424	322	28	21
1932.....	1,159	353	270	30	23
1933.....	1,105	343	264	31	24

TABLE 1.—*Nonfarm family income and cost of family food purchases, 1913-42—Con.*

Year and month	Family income	Retail cost of all foods	Retail cost of 58 foods	Food cost as percentage of income	
				All foods	58 foods
	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Percent</i>	<i>Percent</i>
1934.....	1,251	382	295	31	24
1935.....	1,338	409	331	31	25
1936.....	1,548	413	342	27	22
1937.....	1,614	429	353	27	22
1938.....	1,471	399	321	27	22
1939.....	1,558	388	311	25	20
1940.....	1,671	394	314	24	19
1941.....	1,956	430	342	22	17
1935-39 average.....	1,506	408	332	27	22
1942:					
January.....	2,152	474	378	22	18
February.....	2,173	476	381	22	18
March.....	2,200	484	384	22	17
April.....	2,233	488	386	22	17
May.....	2,259	496	392	22	17
June.....	2,313	502	398	22	17
July.....	2,342	508	401	22	17
August.....	2,366	514	402	22	17

Comparisons in this table are very rough estimates which refer to the typical workingman's family of 4.9 persons representing the average obtained in the 1918-19 Cost of Living Survey of the U. S. Bureau of Labor Statistics. The survey averages were \$1,513 for family income and \$548 for total food expenditure and it was assumed that these represented the calendar year 1918.

The series of family income estimates was obtained by applying to the \$1,513 in 1918 changes in per capita nonagricultural income payments to individuals. The series of family cost of all goods was obtained by applying to the \$548 cost in 1918 changes in the index of retail food prices as compared by U. S. Bureau of Labor Statistics. The cost of 58 foods is from table 1 of this report. These series should be interpreted with care. Both the cost of all foods and the cost of 58 foods refer to fixed quantities of each food as purchased in 1918. Under circumstances of changing income and changing food prices a typical family would alter quantities purchased and alter the food outlay. The comparisons do show the costs at which a family could purchase identical quantities of foods and what share of income this would require in each year.

#### CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

#### "AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED

"SEC. 301. (a) GENERAL DEFINITIONS.—For the purposes of this title and the declaration of policy—

"(1) 'Parity' as applied to prices for any agricultural commodity, shall be that price for the commodity which will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the base period; and, in the case of all commodities for which the base period is the period August 1909 to July 1914, which will also reflect current interest payments per acre on farm indebtedness secured by real estate, tax payments per acre on farm real estate, [and freight rates, as contrasted with such interest payments, tax payments, and freight rates] *freight rates, and farm wages (on the basis of the national average and to include the wages of hired workers, operators, and owners), as compared with such interest payments, tax payments, freight rates, and farm wages during the base period.* The base period in case of all agricultural commodities except tobacco shall be the period August 1909 to July 1914. In the case of all kinds of tobacco except burley and flue-cured such base period shall be the period August 1919 to July 1929, and, in the case of burley and flue-cured tobacco, shall be the period August 1934 to July 1939; except that the August 1919 to July 1929 base period shall be used in allocating any funds appropriated prior to September 1, 1940."